

# News from Ed Markey

**United States Congress**

**Massachusetts Seventh District**

**FOR IMMEDIATE RELEASE**

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**April 13, 2005**

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## **Markey Presses IRS, Congress, to Protect Taxpayers from Offshoring of Tax Returns to Foreign Privacy Sieves**

*Nearly 500,000 Americans are 'unaware' their tax files, financial info sent  
overseas for processing*

**WASHINGTON, D.C.** -- Representative Edward J. Markey, a senior Democratic Member of the House Energy and Commerce Committee, and the Co-Chair of the Congressional Privacy Caucus, today sent a letter to IRS Commissioner Mark Everson seeking to clarify the rights and responsibilities of companies, their regulators and consumers regarding the protection of privacy when sensitive personally-identifiable data such as tax data or financial records are sent offshore in global commerce.

Rep. Markey said, "Consumers are facing a regulatory black hole when it comes to protecting themselves against the accelerating trend for tax preparers and others to ship data processing to low-wage countries overseas. The absence of any coherent federal policy means that, in effect, regulators are telling consumers to 'check your privacy at the shore.' There are steps the IRS could take right now to strengthen taxpayer protections, but ultimately we need legislation to restore some semblance of protection to a situation that is currently out of control."

In his letter to the IRS, Markey noted that "there is dangerous growth potential for privacy abuse and identity theft if U.S. law continues to be based on assumptions which do not take into account the accelerating trend to by companies to move tax preparation offshore whether the client approves or not."

Markey's letter takes the IRS to particular task for a regulatory loophole that protects a US tax preparation firm from being held responsible for unauthorized disclosures by the foreign company hired to process the tax returns. "This would appear to be a gaping hole in the law...In fact, this problem could act as a significant incentive to move operations offshore, separate and apart from the attraction of lower wages," said Markey.

Tomorrow, Representative Markey will be introducing the Personal Data Offshoring Protection Act of 2005, a bill designed to protect consumers by prohibiting companies

from transferring personal information to any person outside the United States without notice and consent of the consumer.

For more information on Representative Ed Markey's work on privacy and consumer protection check out: would prohibit companies from transferring personal information to any person outside the United States without notice and consent [www.house.gov/markey](http://www.house.gov/markey).

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